



THOMAS L. GARTHWAITE, MD
Director and Chief Medical Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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December 29, 2005

The Honorable Board of Supervisors
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**PAYMENT FOR EMERGENCY BACK-UP GENERATOR REPAIRS
AT LAC+USC MEDICAL CENTER
(First District) (Three Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the County Purchasing Agent to issue a purchase order, not to exceed \$200,000, net County cost, with Valley Power Systems for the repair of the emergency back-up generator at LAC+USC Medical Center

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

On September 20, 2005, the emergency back-up generator for LAC+USC Medical Center failed, leaving the facility without an emergency source of power in the event of a power outage. At that time, the facility rented a temporary emergency generator through a purchase order issued by the Internal Services Department. This was necessary to provide back-up power until a determination could be made whether to purchase a replacement generator or repair the existing emergency back-up generator. Based on an assessment by LAC+USC Medical Center, it was determined it was more cost effective and timely to repair rather than replace the back-up generator.

The labor costs associated with repairing the existing generator exceeds the service level authority of the Purchasing Agent and thus requires Board approval. Approval of this request by your Board will enable LAC+USC Medical Center to obtain

necessary services and parts for the repair of the permanent emergency back-up generator through the purchase order process.

FISCAL IMPACT/FINANCING:

The total funding for the emergency generator repairs is \$200,000, 100 percent net County cost. Funding is available in the Department's Fiscal Year 2005-06 budget.

FACTS AND LEGAL PROVISIONS/LEGAL REQUIREMENTS:

On September 20, 2005, during routine testing, the emergency generator for LAC+USC Medical Center suffered a major mechanical break down. To comply with State law, which requires that all hospitals have an emergency back-up generator to support hospital operations, the facility moved immediately to rent a generator to support the facility.

LAC+USC Medical Center staff investigated whether to repair the existing back-up generator or to purchase and install a new generator and concluded that the most cost effective solution is the repair of the existing generator. Based on the estimates obtained from various vendors, the cost of purchasing a new generator would be close to \$500,000 and could take up to six months for the delivery of the new equipment, in addition to the rental cost of approximately \$30,000 per month during that period of time. Additionally, LAC+USC Medical Center will be moving into a new facility in 2007, with a new power plant and generator, which further supports repairing the existing back-up generator rather than expending limited resources to purchase a new generator.

Through the survey of generator suppliers, LAC+USC Medical Center identified Valley Power Systems, which determined that the existing generator could be repaired at a cost of \$166,000, which includes parts, labor, and machine work. This is the lowest repair estimate received by the facility for this work. The repairs can be initiated by Valley Power Systems immediately upon Board approval of this action and issuance of the purchase order by the Internal Services Department.

CONTRACTING PROCESS:

Due to the emergency nature of this repair, the facility did not conduct a formal solicitation, but contacted multiple vendors to determine the cost and feasibility of repair versus replacement of the back-up generator. It was determined it was more cost effective and timely to repair rather than replace the back-up generator and the selected vendor provided the lowest cost estimate for the repairs.

Honorable Board of Supervisors
December 29, 2005
Page 3

IMPACT ON CURRENT SERVICES (OR PROJETS):

This action will repair the existing emergency back-up generator that serves LAC+USC Medical Center and will ensure compliance with State law and a consistent power source should there be a power outage.

Sincerely,



Thomas L. Garthwaite, MD
Director and Chief Medical Officer

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c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Director, Internal Services Department